

Introduced by Senator Aanestad

February 24, 2006

An act to add Section 745 to the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 1786, as introduced, Aanestad. Public utilities: rates.

(1) Under existing law, the Public Utilities Commission has regulatory authority over public utilities. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Existing law, with certain exceptions, prohibits a public utility from changing any rate, except upon a showing before the commission and a finding by the commission that the new rate is justified. Existing law provides that whenever the commission, after a hearing, finds that the rates charged by a public utility for service are insufficient, discriminatory, or preferential, the commission shall determine and fix, by order, the just, reasonable, or sufficient rates to be thereafter observed and in force.

This bill would require the commission to require that a public utility mitigate a rate increase payable by any class of customers whenever a requested increase in rates for providing utility service will exceed 50% during any 12 calendar months following the rate increase and that this be accomplished through a schedule of rate credits, as specified.

Under existing law, a violation of the Public Utilities Act or an order or direction of the commission is a crime.

Because the provisions of this bill would be part of the act and would require action by the commission to implement its

requirements, a violation of these provisions would impose a state-mandated local program by creating a new crime.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 745 is added to the Public Utilities
2 Code, to read:

3 745. (a) The commission shall require that a public utility
4 mitigate a rate increase payable by any class of customers
5 whenever a requested increase in rates for providing utility
6 service will exceed 50 percent during any 12 calendar months
7 following the rate increase.

8 (b) The commission shall require a public utility to mitigate a
9 rate increase pursuant to this section by means of a schedule of
10 rate credits for the class of customers that would otherwise have
11 a utility service rate increase in excess of 50 percent during a 12
12 calendar month period. The rate credits provided by a public
13 utility under the schedule shall decrease each year to the lowest
14 credit necessary to avoid a rate increase that is greater than 50
15 percent in any subsequent year.

16 (c) The full cost of providing rate credits under this section
17 shall be spread equally among all other customers of the public
18 utility or, if doing so would result in rates that are not reasonable,
19 be recovered through a balancing account.

20 (d) For the purpose of determining the increase in the cost of
21 utility service to a class of customers, the commission shall
22 exclude any local taxes or fees paid by the class of customers.

23 SEC. 2. No reimbursement is required by this act pursuant to
24 Section 6 of Article XIII B of the California Constitution because
25 the only costs that may be incurred by a local agency or school
26 district will be incurred because this act creates a new crime or
27 infraction, eliminates a crime or infraction, or changes the

1 penalty for a crime or infraction, within the meaning of Section
2 17556 of the Government Code, or changes the definition of a
3 crime within the meaning of Section 6 of Article XIII B of the
4 California Constitution.

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